

BILL # HB 2393

TITLE: driver licenses and fraudulent documents

SPONSOR: Pearce

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Bob Hull

FISCAL ANALYSIS

Description

The bill would require that the Arizona Department of Transportation (ADOT) do an investigation if the department has reasonable grounds to believe that fraud exists by applicants for a driver license, driver permit or identification license. ADOT would be required to train employees to identify, retain and investigate suspected fraudulent documents, and develop procedures to forward chargeable offenses to the county attorney. ADOT would be required to file quarterly reports of the number of cases the department is investigating with the director of the Joint Legislative Budget Committee and the director of the Office of Strategic Planning and Budgeting beginning October 1, 2005.

Estimated Impact

The JLBC Staff estimates that the bill could have an administrative cost of up to \$721,700 from the State Highway Fund in FY 2006. This upper end represents ADOT's cost estimate for 8 new FTE Positions having to perform more investigation, follow-up and prosecution activities under the bill. While ADOT's estimated impact is possible, JLBC Staff cannot confirm the precise staffing requirement in advance. If the bill is enacted, the staffing estimate may need to be adjusted for actual workload.

Driver licenses may also be used as one form of identification to obtain other federal and state benefits. By reducing the fraudulent issuance of these documents, the bill would have the secondary impact of reducing fraudulent receipt of these other federal and state benefits.

To the extent that the bill reduces the receipt of fraudulent driver licenses, it may also reduce Highway User Revenue Fund revenues.

Analysis

Currently, ADOT attempts to verify source documents by visually comparing them to reference manuals with examples of other state's and federal immigration documents. While visual comparison is the main method of verification, ADOT also electronically verifies Social Security numbers. If ADOT detects a suspected fraudulent document, they may copy the document for follow-up investigation before returning it to the applicant.

A September 2003 United States General Accounting Office study reviewed the use by state driver licensing agencies of on-line and batch verification of applicants' Social Security numbers. One finding of the study was that states that rely primarily on visual inspection of documents to verify applicants' identifies are at greater risk for identity theft and fraud in the driver licensing process, than if they could readily share all driver records with other states. The study does not place a magnitude on the amount of identity theft and fraud in the driver licensing process.

A driver license may be used as one form of identification for public programs (although it is not the only form of identification that would be suitable). We do not have an estimate on how often an individual uses a driver license as opposed to other forms of identification.

ADOT estimates an implementation cost of \$721,700 to the State Highway Fund and 8 new FTE Positions in FY 2006, including continuing annual operating costs of \$446,000 and one-time costs of \$275,700. The \$275,700 one-time cost includes \$150,000 for 6 vehicles, \$79,700 for one-time computers, desks, firearms and related equipment, and \$46,000 for computer programming. The 8 new FTE Positions would include 6 special investigators and 2 administrative assistants. ADOT reports that they currently have 3 investigator FTE Positions in the fraud unit, and open over 200 new driver license fraud cases per month. ADOT estimates that the bill would require a more intense and time consuming level of investigation,

Analysis (Continued)

follow-up and prosecution activities for which they would need 6 additional investigator FTE Positions, plus 2 new administrative assistant FTE Positions for clerical support. ADOT estimates that the number of hours per case would increase from 2.5 hours currently to 7.5 hours under the bill, and that 10% of the 200 new cases per month would become felony investigations requiring an additional 20 hours each to resolve.

Local Government Impact

Last year the Maricopa County Attorney's Office reported that they currently receive some of these cases and did not see a major impact from the bill at that time, since any increase in cases would be spread among the 15 counties. There may be some increased cost, but the Maricopa County Attorney's Office did not expect there to be enough to request additional resources from the County Board of Supervisors at that time. The Arizona Prosecuting Attorneys' Advisory Council also reported last year that they did not see a major impact from the bill. The JLBC Staff has asked for an update.

2/7/05